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Message Text

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17
ACTION EA-10

INFO OCT-01 ISO-00 TRSE-00 EB-07 OMB-01 PA-01 PRS-01

USIA-06 L-02 CIAE-00 COME-00 DODE-00 DOTE-00 FMC-01

INR-07 NSAE-00 CG-00 OFA-01 DLOS-03 SS-15 NSC-05 SP-02

CIEP-01 /064 W
---------- 118112
R 110426Z MAR 75
FM AMEMBASSY MANILA
TO SECSTATE WASHDC 1207
INFO AMEMBASSY TOKYO

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E.O. 11652: N/A
TAGS: EWWT, EEWT, ETRD, RP
SUBJECT: GOP ENCOURAGES USE OF PHILIPPINE BOTTOMS VIA TAX ADVANT-
AGES

REF: MANILA 2937

1. SHIPPING AGENYS AND SHIPPING CONFERENCES HAVE BEEN DISCUSSING SIGNIFICANCE OF PRESIDENTIAL DECREE NO. 667 OF MARCH 5, 1975 WHICH PROVIDES TAX ADVANTAGES TO USERS OF PHILIPPINE SHIPSM TEXT OF DECREE BEING POUCHED, AND PROVISIONS ARE AS REPORTED IN PARA ONE REFTEL.

2. ONE SHIPPING AGENT HAS POINTED OUT THAT DECREE HAS GENESIS IN INVESTMENT INCENTIVES ACT OF 1967 (RA 5186), PARAGRAPH NINE OF WHICH PROVIDED THAT BOI REGISTERED FIRMS MAY DEDUCT FROM TAXABLE INCOME 200 PERCENT OF SHIPPING FREIGHT IF SHIPMENTS MADE ON PHILIPPINE VESSELS, AND 1TP PERCENT OF FREIGHT EXPENSES IF SHIPMENTS MADE ON FOREIGN VESSEL BUT TO A PORT WHICH IS NOT REGULAR PORT OF CALL OF PHILIPPINE VESSELS. PRIOR APPROVAL, INCLUDING PRODUCTS AND COMMODITIES INVOLVED, MUST BE OBTAINED, HOWEVERM THERE WERE PORTESTS
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AGAINST RA 5186 AT THAT TIME, AND PARAGRAPH NINE OF RA 5186

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WAS EVENTUALLY REPEALED BY PRESIDENTIAL DECREE NO. 92
DATED JANUARY 6, 1973.

3. NEW DECREE GOES MUCH FURTHER THAN RA 5186 IN NATIONAL
FLAG DISCRIMINATION IN SHIPPINGM INSTEAD OF ONLY BOI
REGISTERED FIRMS ENGAGED IN EXPORTING, NEW BENEFICIARIES
INCLUDE NOT ONLY ALL EXPORTERS BUT ALSO ALL IMPORTERS, AND
THERE IS NO NEED FOR PRIOR APPROVAL. NET EFFECT, ACCORDING
TO CALCULATION OF ABOVE SHIPPING AGENT, IS THAT ORDINARY
SHIPPER WILL PAY 21 PERCENT MORE AND BOI REGISTERED FIRM
54 PERCENT MORE WHEN SHIPPING ON NON-PHILIPPINE FLAG VESSELS.

4. WE UNDERSTAND THAT LYKES ORIENT, STATES LINE, PFEL,
WATERMAN, US LINES, AND APL ARE BEING INFORMED AND DEPARTMENT
LIKELY TO HEAR FROM SEVERAL OF THEM. JAPANESE SHIPPING
COMPANIES ARE REPRESENTED BY LOCAL AGENTS WHO TELL US THAT
JAPANESE ARE UNDERSTANDABLY DISTURBED AND SEEKING FURTHER
INFORMATION AS TO HOW THEY SHOULD REACT. JAPANESE EMBASSY,
ACCORDING TO ITS COMATT, HAS NOT YET TAKEN POSITION ON
PROBLEM. DEPARTMENT MAY RECALL THAT RP/JAPANESE TREATY OF
AMITY AND ECONOMIC RELATIONS, RATIFIED IN EARLY 1974,
PROVIDES FOR NATIONAL TREATMENT OF JAPANESE SHIPPINGM
THIS COULD BE SOURCE OF SEVERE HEARTBURN TO JAPANESE
IF FILIPINOS DO NOT FIGURE OUT HOW TO RECONCILE NEW
DECREE WITH SUCH A TREATY REQUIREMENT.
SULLIVAN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, TAX RELIEF, SHIPPING DATA
Control Number: n/a
Copy: SINGLE
Draft Date: 11 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: RowellE0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975MANILA03041
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750084-0678
From: MANILA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750363/aaaacehq.tel
Line Count: 87
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 MANILA 2937
Review Action: RELEASED, APPROVED
Review Authority: RowellE0
Review Comment: n/a
Review Content Flags:
Review Date: 15 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15 JUL 2003 by ShawDG>; APPROVED <14 NOV 2003 by RowellE0>
Review Markings:

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US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GOP ENCOURAGES USE OF PHILIPPINE BOTTOMS VIA TAX ADVANT- AGES
TAGS: EWWT, EEWT, ETRD, RP
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006